

Acquisition Program Management Challenges in Afghanistan

Part 2: Afghan Vendor Base

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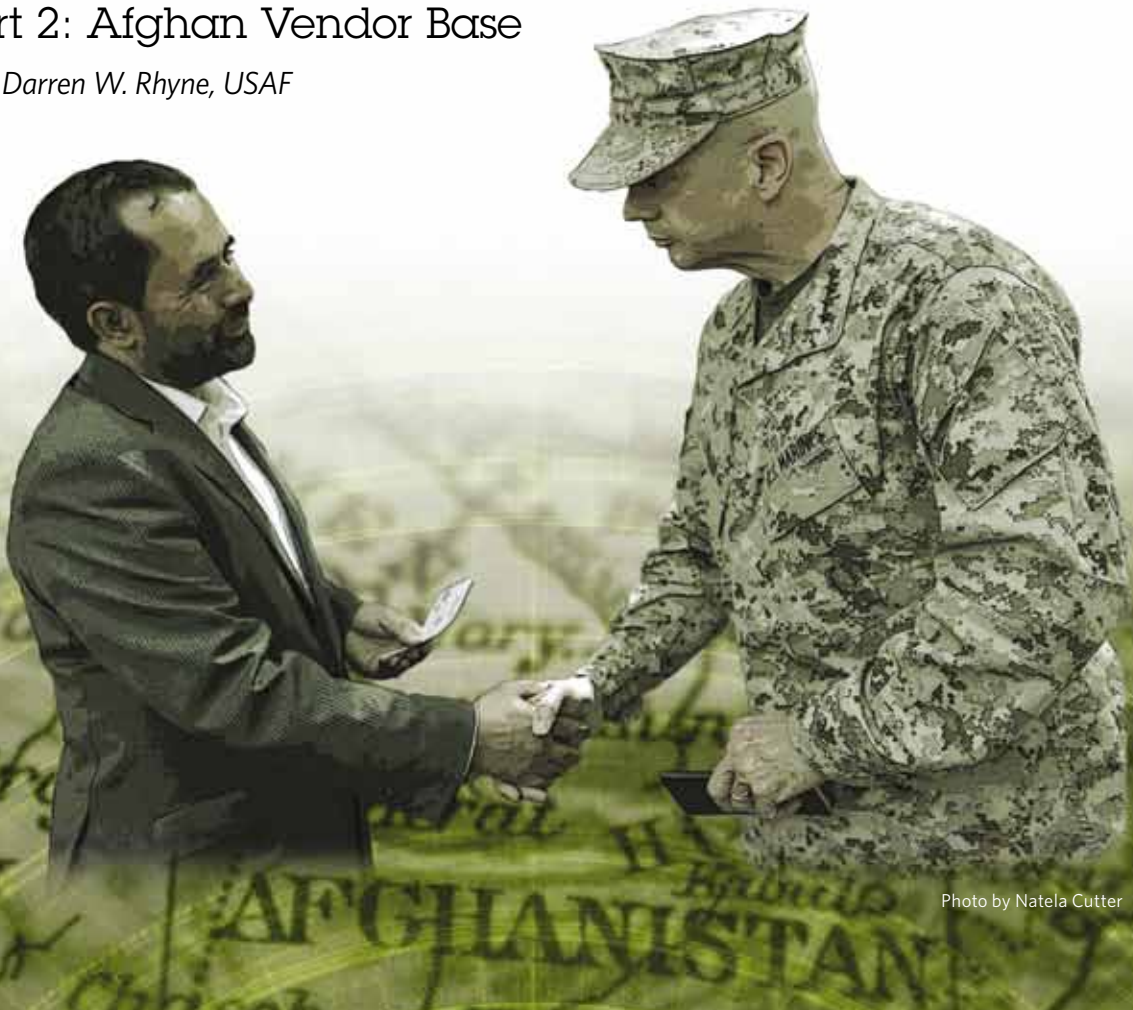


Photo by Natela Cutter

In my previous article, I wrote about deployed program manager challenges with generating and managing requirements with Afghanistan National Security Forces (ANSF) and Coalition military counterparts. This article will discuss the challenges of procuring defense items made to those requirements from the Afghanistan vendor base in the midst of an active counterinsurgency campaign.

First some background on Afghanistan and its vendor base: An accurate census of the country is not available, but population estimates range from 25 to 30 million people, of which 35 percent to 40 percent are unemployed. Literacy in native languages of Dari and Pashtu, much less English, is one of the largest deficiencies. Literacy rates are only 8 percent to 10 percent in rural areas and 25 percent to 30 percent in urban areas. Vocational schools and universities are just starting to come back after 30 years of conflict with the Soviets and harsh Taliban rule.

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Thus, there is a large pool of people who want to work but few with the technical skills needed, forcing Afghan companies to provide much on-the-job training, not only in the technical skills required but also in the basic literacy needed to follow written specifications and other literacy-dependent tasks. This is a major difference between the U.S. industrial base and that of Iraq, where literacy is over 70 percent.



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In addition, few businesses there provide processed raw materials to make defense items, forcing manufacturers to import them from neighboring Pakistan or other Asian or European states. Cotton, wool, and tannery industries once provided processed materials for the clothing industry but most have not been rebuilt, as food production has been the main focus of agribusiness reconstruction. The lack of raw materials available introduces further complications into current and prospective vendors' business plans, as the security situation and customs process can delay arrival of imported required materials by weeks or months.

One of the first challenges in getting approved requirements turned into products made in Afghanistan is putting together the solicitation in terms that the Afghan vendors can understand and to which they can properly respond. These solicitations are released by the Regional Contracting Center in English, and it is the vendors' responsibility to translate them into their native language (predominately Dari in Afghanistan). Therefore, it is very important not to use DoD/American slang, colloquialisms, and unexplained acronyms in solicitations, statements of work, performance work statements, and technical specifications because they may be translated incorrectly or not even have a counterpart term in Dari.

Once the solicitation is ready to release for bids, advertising it in Afghanistan presents additional challenges. U.S. contracting practice is to post the solicitation on one of the standard U.S. government websites, such as Federal Business Opportunities, DoD Business Opportunities, and Army Single Face to

Industry (ASFI) Acquisition Business. U.S. Central Command Joint Theater Support Contracting Command (C-JTSCC) posts theater solicitations on the Joint Contingency Contracting System site (www.jccs.gov). C-JTSCC has also partnered with a Canada-based non-governmental organization called Peace Dividend Trust to post solicitations over \$25,000 on its Peace Dividend Marketplace Afghanistan website (<http://afghanistan.buildingmarkets.org/for-suppliers>). Vendors can register to be notified via e-mail when solicitations of interest to them are posted. However, not all Afghan business owners have access to the Internet, much less know where to search for solicitations and navigate those sites to find solicitations to which they might competitively respond. For a full and open competition to reach more of the potential Afghan business responders, other communications methods such as radio and newspapers might also be employed to advertise the release of new solicitations and where to find them.

Another challenge encountered by program managers and contracting officers is the Afghan vendors' lack of experience in properly and fully responding to the solicitations. U.S. government solicitations are much more complex than those of the Afghan government and are usually geared toward the U.S. vendor base used to responding to them. Therefore, Peace Dividend Trust and some of the 13 Regional Contracting Centers in Afghanistan offer training to Afghan vendors on how to properly respond to U.S. government solicitations. As an example, my predecessor, Air Force Maj. Chuck Seidel developed a solicitation for an "8a-type" set-aside to Afghan Women-Owned Businesses (AWOBs) to manufacture 23 items of Organizational Clothing and Individual Equipment (OCIE) and released it through Kabul Regional Contracting Center in mid-2009. However, none of the proposals received was considered responsive due to the AWOBs' inexperience in bidding on U.S. government contracts.

Instead of giving up on the local vendors and taking the easy way out by procuring the items from U.S. vendors, Maj Seidel and the contracting officer, Patti Babida, conducted two proposal preparation training classes for over 60 AWOBs in the fall of 2009. The solicitation was re-competed in spring 2010, and the Security Assistance Office/Local Acquisition (SAO-A/LA) OCIE team was able to conduct a successful source selection among several responsive AWOBs that summer and select three of them for contract awards, which took place in August. Perseverance paid off with millions of dollars in base year awards and the employment of hundreds of Afghan women. Some Afghan businesses are also partnering with U.S. firms or employing Western consultants to help them prepare better proposals.

The Afghan First Policy does not constrain Afghan companies from partnering with or employing outside consultants. According to C-JTSCC's Policy Memo 10-07, dated 8 Jul 10, as long as the business itself is owned by an Afghan citizen, Afghan national(s) hold over 51 percent share of the business as indicated in its licensing documentation, and holds a current

business license with a licensing authority of the Government of the Islamic Republic of Afghanistan (GIROA), namely the Afghanistan Investment Support Agency (AISA), it is considered an Afghan business eligible for Afghan First competitions.

What if you don't even know if Afghan industry can produce an item in-country? There are few industry trade or professional organizations and those that do exist focus mainly on food, construction, and banking. There is no Afghan Contractor Performance Assessment Reporting System (CPARS) database to consult. Peace Dividend Trust and C-JTSCC maintain registered vendor databases by commodity but little about vendors' actual performance. So, the program manager is left to do his own market research, including use of the Request for Information (RFI) mechanism to solicit responses from industry to assess their production capabilities. The SAO-A/LA OCIE team used an RFI in fall 2010 to assess Afghan industry's capability to produce nine nylon-based OCIE items. They found that some items were more feasible to produce here than others and were able to pare down the list to four items for which to continue requirements development for eventual solicitation in spring 2011.

So you've got your requirements, your solicitation, and your responsive bidders. How do you know that the bidders are legitimate and, especially in the COIN campaign, not tied to the insurgency? Mechanisms were put in place by several organizations in 2010 to help respond to this challenge.

To ascertain the legitimacy of businesses from an Afghan First Policy perspective, the contracting officer's vendor vetting team, Peace Dividend Trust, and the SAO-A/LA team conduct site visits to responsive prospective bidders. The bidders' business credentials are checked with the GIROA AISA licensing authority and their past performance is checked in the JCCS database, if it is so documented. To ascertain possible vendor ties to insurgent groups or criminal organizations, the U.S. government established Task Force (TF) 2010, TF Spotlight, and TF Shafafiyat over the past year and is creating a database to compile their findings.

Getting out of camp to visit vendors presents its own challenges for the PM team in an active counterinsurgency environment in Afghanistan. One can't just hop in a vehicle and drive to the factory. Threat levels must be assessed via intelligence reports and a movement control form routed for approval to the SAO-A Director. A minimum of two up-armored vehicles with two people each are required, not to mention the requisite personal protective equipment, small arms, radios, personnel locator beacon for each team member, etc. The SAO-A/LA team provides its own security, for which pre-deployment training, mission task certifications, and periodic refresher battle drills are especially important. For the SAO-A/LA office of 16 people, one vendor visit requires at least a quarter of its manpower and some days almost the whole office is out at least half the day visiting separate vendors in various parts of Kabul. In addition, rank restrictions for convoy/mission commanders (E-6 or above)

and truck commanders (E-5 or above), plus the assignment of only three vehicles to our shop limited how many missions can be run at a time and who can conduct what tasks. This can be especially challenging during times of members' rest and recuperation leave and deployment changeovers, when qualified people leave and their replacements are not yet qualified to drive or command.

Finding a new vendor's location in a city of over 2 million people is also challenging due to the lack of road signs, street names, and house numbers posted. Portable GPS devices are somewhat helpful here but one must use latitude and longitude, not addresses, to mark locations. Road conditions are abysmal, with no traffic lights, few street lights, very few modern paved roads, and no discernable licensing of drivers. At least Afghans drive on the right-hand side of the road (most of the time), but European-style traffic circles, questionably trained traffic police, and, of course, the threat of suicide bombers dictate that everyone in the vehicle maintain vigilance to their surroundings. Visits to vendors to conduct oversight/quality assurance inspections and to ANSF facilities to coordinate requirements and inspect deliveries leaves you physically and mentally drained upon return to base.

The security situation in Afghanistan also dictates that vendors take precautions. They hire private security companies or designate their own employees to provide armed security and



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almost all have walled compounds. This makes doing surprise inspections somewhat daunting, to say the least, when the PM team rolls up on the vendor's facility and faces non-English-speaking guards with AK-47s who do not want to allow the team entry. In addition, vendors do not usually have much storage capacity to keep on-hand stocks of commercial commodities they have imported or items they have manufactured and have to guard against insurgents or criminal gangs robbing their facilities or delivery trucks. Finally, vendors have to hire private security companies (PSCs) to guard their delivery

trucks outside of Kabul, the cost for which they pass along to the U.S. government. Afghan President Karzai signed a decree to abolish all PSCs, especially foreign-owned, in late 2010 so the transition period from PSCs to government-provided security may challenge vendors to make timely deliveries.

Once the contract is awarded, it is usually up to the program manager to facilitate quality assurance surveillance on the vendor. Due to the security situation, there is no Defense Contract Management Agency (DCMA) representative stationed at the vendor's facility every day. While there are DCMA personnel on the ground here who are delegated administrative contracting officer's representative responsibilities, they rely on the program management team to provide secure transportation to conduct site visits. Frequent quality assurance surveillance is especially important in Afghanistan, since many companies have little to no experience implementing a quality assurance program to international standards with the aforementioned workforce with which they have to work. Therefore, part of the reconstruction effort here is dedicated to mentoring the vendors on making products to international standards so they can one day compete in external markets.

These oversight and quality assurance visits serve several purposes. First, the PM/DCMA team must mentor the Afghan government management and technical acceptance personnel who will one day take over management of these production efforts to convince them that quality products can be made in-country, what is involved in developing and maintaining quality products, and the life cycle cost benefits of going beyond the lowest priced, technically acceptable item. This also gives the ANSF a stake in the product development and improvement to both take credit for successes and learn from mistakes, instead of just blaming the Coalition for buying them something they didn't want or that doesn't work properly. Second, site visits keep the vendors honest by their understanding that the PM, DCMA, and ANSF personnel can and do conduct periodic and unscheduled site visits to inspect their work. Finally, having the ANSF technical acceptance personnel accompany the PM/DCMA team's site visit shows the vendor that the Afghan government is interested in their work and is partnering with the Coalition to see that the work is done properly.

A successful Afghan-made program is very satisfying for the deployed program manager. Bringing requirements development to fruition with a contract award and delivery of actual full-rate production items within a year is quite an accomplishment—and one that the SAO-A/LA team repeated a few times during my deployment. However, that success does come with the burden of preparing and conducting many briefings to senior leadership. There is also the burden of conducting vendor site visits accompanied by public affairs and distinguished visitors; these require much time to plan and execute. Those visits can also strain relationships with vendors, as frequent factory tours can be disruptive to their normal day-to-day efforts just to get things done to meet delivery schedules. The PM team must also be wary of the Coalition leadership arranging its own

Afghan First Policy References

1. CENTCOM Contracting Command Policy Memorandum #10-07 "Definition of an Afghanistan Host Nation Business," (2010, July 8). <http://www.c3-training.net/docs/PM10-07%20Afghani%20Host%20Nation.pdf>
2. Petraeus, D.H. (2010, September 8). "COMISAF's Counterinsurgency (COIN) Contracting Guidance". Kabul, Afghanistan: Headquarters, International Security Assistance Force. <http://www.isaf.nato.int/images/stories/File/100908-NUI-COMISAF%20COIN%20GUIDANCE.pdf>
3. CENTCOM Contracting Command Acquisition Instruction (2010, November 5). <http://www.c3-training.net/docs/C3%20ACQUISITION%20INSTRUCTION.pdf>

Two valuable web resources:

Peace Dividend Trust: <http://afghanistan.buildingmarkets.org/>

Afghan First.Org: <http://www.afghanfirst.org/>

site visits without knowledge or participation of the PM. One notable example of this was a member of the NTM-A/CSTC-A leadership visiting the Melli Trading boot factory with a Pentagon Channel reporter in late 2010. Not only did the SAO-A/LA boot PM not accompany the visit, the SAO-A/LA team was not even credited with leading and managing the program in the story which aired later. Lesson learned: The PM must include strategic communications in his normal management strategy to get the story out under manageable conditions.

This last point is the main reason I undertook the task to write several articles and conduct two Afghan radio interviews in my final 3 months of deployment. I wanted to get our successes, failures, and lessons learned out in my own words, with proper command approval, of course. I was very fortunate to be placed in a position as chief of SAO-A Local Acquisitions to use my 19 years of acquisitions, systems engineering, budgeting, and headquarters staff officer experience in a contingency environment where I was able to see the results of my team's work, contribute to the counterinsurgency campaign, and help rebuild a nation. I look forward to applying what I've learned there to my teaching position at Defense Acquisition University until I retire at the end of 2011. What a way to wind down a career!

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